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SUBJECT: WORLD BANK GIVES HIGH MARKS TO GOP "SCORECARD" APPROACH TO  
BENAZIR BHUTTO FUND

REF: 08 Islamabad 3606

¶1. (SBU) Summary and Recommendation: World Bank point person for the Benazir Income Support Program (BISP) Iftikhar Malik told EconOff February 12 that President Zardari had signed off on revisions to the BISP "distributions via parliamentary political networks" on January 22. Pilot programs for the new, needs-based "scorecard" system will be implemented by respected NGOs and will begin by the end of February. The "scorecard" system, with comprehensive World Bank support, will expand countrywide by the end of 2009. While implementation is key to even the best outlined program's success, the Bank's full involvement and ability to build on its existing eight months of work on Pakistan's social safety net make us somewhat more optimistic about BISP's prospects. Post recommends the USG recognize GOP efforts by showing support for BISP at the upcoming Donor's Conference. We further recommend Department discuss with the World Bank a possible phased delivery of any USG monies, so as not to overwhelm this nascent structure and to ensure best use of our funds. End Summary and Recommendation.

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Implementation So Far  
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¶2. (SBU) In a February 12 meeting, World Bank focal point for the Benazir Income Support Program (BISP) Iftikhar Malik expressed satisfaction with steps the GOP has taken to address concerns with the program's initial approach (reftel). Launched in September 2008, BISP was intended to target initially 3.5 million of Pakistan's poorest at a cost of approximately \$426 million, rising to five million beneficiaries in 2010 (at a cost of roughly \$814 million). Each member of Parliament was issued forms with which to identify and sign up 8000 women in his or her district by January ¶31. The National Database and Registry Authority (NADRA) was tasked with assembling a database of program participants and applying rudimentary checks to ensure participants' qualifications for the program.

¶3. (SBU) Malik said the deadline for submitting registrations forms had been extended until the end of February due to the slow submission of forms: as of February 6, only 1.2 million had been received. Malik noted that Parliamentarians had no staff or support mechanism with which to identify program participants, so they were relying on their political networks. Of the 700,000 forms that

NADRA has checked thus far, approximately 200,000 had been rejected -- further decreasing the chance the GOP would reach its target of 3.5 million recipients this year, and significantly reducing the projected \$426 million cost to the GOP for this first year of the program. BISP staff report that administrative costs, including payment to NADRA for its services, account for only five percent of the BISP budget.

14. (SBU) Because it lacks access to comprehensive data on program nominees, NADRA instead looks at some obvious but unconventional indicators to which it does have access in making its determinations. For example, applicants holding machine readable passports, which NADRA interprets as indicating recent or planned travel abroad, were disallowed as being too wealthy, as were those who have bank accounts in an international bank (which presumably require minimum balances or payments in order to maintain).

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Modifications Coming Soon  
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15. (SBU) Malik went on to describe what he termed positive developments in BISP implementation, foremost of which was President Zardari's approval January 22 of a "scorecard" approach to BISP that will be phased in to replace the Parliamentary distribution network. The GOP has also developed and adopted a detailed implementation plan, the test phase of which will be underway by the end of February. The program retains its original focus on women recipients.

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16. (SBU) Enlisting NGOs Pakistan Poverty Alleviation Fund (PPAF) and the Rural Support Network, and the Population Census Organization (or PCO, an office of the GOP Statistics Division) as implementing partners, the GOP will launch the new scorecard system as a pilot project by the end of February in a total of 15 districts. Each organization will work in five districts: one district in each of the four provinces, plus one district from the northern areas. Malik called these organizations well-respected across the country, adding that the GOP and the NGOs had agreed on criteria for program participants with which the Bank was also comfortable. Once these pilot programs are proven, implementation will gradually spread across the country, completely replacing the Parliamentary distribution system by the end of the calendar year.

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A Comprehensive, Bank-Supported Strategy  
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17. (SBU) With Bank support, the GOP will implement what Malik called a comprehensive strategy ensuring that the transition from the Parliamentary system to the needs-based "scorecard" system goes smoothly. Malik reported that the Bank is providing an initial \$2.5 million to design an operational manual so that all BISP agents and partners will apply criteria consistently. Another \$50-\$60 million is to be dedicated to countrywide expansion of the program once the pilot projects are proven. Finally, Malik reported that the Bank intends to make available some \$200 million as overall budget support for social safety net programs. The Bank is well-positioned to step up smartly on BISP, Malik said, because it has been previously working on poverty reduction in Pakistan. A countrywide survey to identify the poor and assess overall poverty will be completed by December 2009.

18. (SBU) Calling BISP a "coordinating agency," Malik said that BISP will outsource most of its activity to organizations best suited to carry out the specific task. The NGOs and PCO will interface with the individuals to gather information and fill out the scorecards. They then pass the information to NADRA, which enters it into a database and applies whatever cut-off level for assistance is determined by the GOP. The names of validated participants are sent to Pakistan Post, which distributes funds and reports back to BISP on any funds that remain uncollected. BISP, working with the NGOs and PCO, will fix any problems experienced by designated participants. As a side benefit, NADRA will use this new database

to ensure that any program participants who do not already possess a national identification card (CNIC) are issued one. BISP design staff confirmed February 26 that, although there had been earlier discussion that BISP would develop and adopt a "smart card" for program participants (reftel), that plan has been shelved.

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Coordination: An Area to Watch  
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¶9. (SBU) Malik said the GOP is trying to ensure that the longstanding Bait-ul-Mal and Zakat national charity systems coordinate their distribution with BISP. He described Bait-ul-Mal as a Federal consolidated fund, run by the Ministry of Finance and disbursed through the development budget of the Planning Commission. Zakat is run out of the Ministry of Religion. Malik also noted that Punjab province has its own \$276 million program to help the poor. The Bank is working with all three programs to ensure that people benefit from only one program at a time; Bait-ul-Mal has already agreed to cede its poorest clients to BISP, removing them from Bait-ul-Mal rolls. Malik said the Bank will be working with the NGOs to provide follow-up training, microcredit or other forms of assistance to people as they graduate from these direct assistance programs.

¶10. (SBU) Comment: Malik painted an extremely rosy picture of a new and improved Benazir Income Support Program. The proof will obviously be in the implementation, however. But the fact that the Bank was able to build on an existing eight-month body of work on Pakistan's social safety net when it stepped in to help on BISP and

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that the NGOs are well-respected in their fields gives us a somewhat greater degree of confidence that the necessary groundwork -- and GOP buy-in -- is being put in place.

¶11. (SBU) Comment Cont'd: Finance for BISP this year does not appear to be affected by GOP budget woes. The lower-than-expected number of participants also makes it more likely the GOP has sufficient funds on hand for Pakistani FY 2009. The FY 2010 program, however, is significantly more expensive and continued GOP compliance with IMF budgetary strictures could impinge on the government's ability to meet its target of five million participants -- particularly if oil prices again rise significantly. End Comment.

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